This week, Walmart announced that it has invested in a drone service provider, DroneUp, to further its plans for drone delivery. Walmart President and CEO John Furner wrote in a statement, “Conducting drone deliveries at scale is within reach. DroneUp’s expertise, combined with our retail footprint and proven history of logistics innovation, puts us right where we want to be for that day. Because when it comes to the future of drone delivery, we know the sky’s the limit.” DroneUp has previously partnered with Walmart to assist in the delivery of COVID-19 test kits in dense urban areas in Las Vegas, as well as with some Coca-Cola products in Georgia.

To date, to build its drone delivery program, Walmart has applied for patents for new workflows and uses of drone technology, but has not invested in crafting its own UAS or in developing a pilot workforce. By leaving the hardware development and software to others in the industry, such as DroneUp, Walmart is not jumping into a whole new industry, but instead is just expanding its core business of providing products to its customers. This “open source” approach, using DroneUp for service and hardware, will allow Walmart to start its drone delivery at scale quickly (i.e., right now) without sustaining the costs of aircraft development. This means that drone delivery could be very profitable for Walmart. The company plans to open its first drone delivery center at its founding store in Arkansas.
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